

Financial Position of the Okanagan Tree Fruit Industry

Final Report

To

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Director

Industry Organizations Development Branch
BC Ministry of Agriculture and Food
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Executive Summary



The tree fruit growers have indicated that the financial situation within the tree fruit industry has deteriorated over recent years leaving many growers in difficult to impossible financial situations with little capacity to finance orchard replant. The analysis within this project was undertaken to provide an overview, evaluation and assessment of the financial capacity of the Okanagan tree fruit industry to finance orchard replant.

Analysis of the available Taxfiler and Whole Farm Insurance Program data serves to validate the claim that the financial situation has deteriorated over the 1991 to 1997 period. This is evidenced by decreases in both net operating and taxable income at the individual Okanagan fruit farm operator level. Off-farm income has also decreased over the 1991 to 1997 period for all Okanagan fruit farm operators except for the \$50,000 to \$99,999 Revenue Class which experienced an increase in off-farm income. Net Worth, on the other hand, has increased for all Okanagan fruit farm operator revenue classes except for the \$10,000 to \$24,999 revenue class which experienced a decrease in net worth. From 1991 to 1997, there was a decrease of 16.3% in fruit farm operators with short-term debt but an offsetting 18.3% increase in fruit farm operators with long-term debt.

The analysis of the WFIP data verifies the debt levels indicated in the Taxfiler data. The majority of the debt within the tree fruit industry belongs to the larger (\$100,000 and over of farm cash receipts) operators. Over 70% of the interest paid in 1997 as derived from the WFIP program data was by operators in the \$100,000 and over revenue class. Over 80% of the interest was paid by farm operators falling into the \$50,000 and over revenue class.

The smaller fruit farm operators, specifically those generating under \$100,000 of farm cash receipts, generally have reasonably high equity levels but the debt being carried by these operators is not commensurate with the levels of income being generated or the debt servicing capacity available. Interest costs may, for many operators in this category, be the single largest annual expense item incurred.

Okanagan Tree Fruit Farms Working Capital Comparison								
Sales Class								
Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
Working Capital	...	...	...	...	0.662	0.989	1.092	1.170
Working Capital	...	...	...	...	3.466	3.298	2.048	na

Working Capital or the relationship of current assets to current liabilities, as decreased over the 1991 to 1997 period. The majority of tree fruit farms had more than adequate current assets to cover current liabilities in 1991. By 1997 this situation had changed substantially with only the



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Working Capital - 1997	Per Farm	0.995	na	0.681	0.662	0.989	1.412	1.170
Working Capital - 1991	Per Farm	2.470	na	15.151	3.456	3.298	2.048	na

Working Capital or the relationship of current assets to current liabilities, as decreased over the 1991 to 1997 period. The majority of tree fruit farms had more than adequate current assets to cover current liabilities in 1991. By 1997 this situation had changed substantially with only the

\$100,000 and above revenue classes having positive working capital margins. The working capital position of growers and especially the under \$100,000 farm cash receipts revenue classes, leaves these growers in a precarious financial position. Their ability to withstand further financial losses or undertake capital expenditures from current revenues is extremely limited.

Insufficient working capital is a major obstacle to growers undertaking replant. The reasons for the working capital deficit can include:

1. Operating revenues being less than operating expenses for a period of time resulting in increased current liabilities and/or depleted cash reserves; and
2. Growers making capital purchases including replant out of current revenues rather than using term financing.

The net worth of these farms in the Okanagan is nearly equivalent to the value of land and buildings. In excess of 80% of the value of total farm assets is derived from the value of land and buildings. Current assets and machinery and equipment assets account for a relatively small component of the total assets or of net worth. The vast majority of the "wealth" of the tree fruit industry lies within the land base used in the production process.

The financial capacity of the Okanagan tree fruit industry to finance orchard replant is constrained by the availability of operating revenues and particularly net operating revenues. The net operating revenues available, particularly to those farm operators generating under \$100,000 of farm cash receipts, is generally not adequate to service existing debt levels, living costs, and provide for any allowance for replacement of depreciable assets including replacement of existing orchards.

In the absence of replant assistance programs such as the OVTFA replant program and the availability of reasonable financing terms and conditions for the net replant costs, it is estimated that less than one-third of the tree fruit operators could be reasonably expected to initiate replant programs. It is estimated that approximately 300 tree fruit producers "may" possess the financial capacity to undertake replant solely on their own. This group represents the over \$100,000 of farm cash receipts revenue class. This group is also likely to have already initiated replant programs which are likely reflected in the financial information available on the tree fruit industry.

The Okanagan Valley Tree Fruit Authority Replant Grant combined with the Farm Credit Corporation Plant Now – Pay Later loan program is estimated to expand the financial opportunity to undertake replant programs to virtually all tree fruit producers who desire to do so. Analysis of the Farming for Profit budget estimates for replant costs and the estimated returns from replant orchards combined with the Taxfiler and WFIP data indicates (on average) a capacity to obtain and carry the financing required for replant.

Results for a specific grower will vary depending on individual choices of varieties, density of planting, management, factors related to physical location of orchard including soil and microclimate, and the quality of fruit produced.

The demographics of the tree fruit industry should be considered as an additional and overriding constraint to any replant initiative. Based on the demographic information available, the tree fruit operators are much more likely to be over age 45 than under age 45. The data available suggests that about 1 in 3 tree fruit operators may be over age 55 with only about 1 in 10 operators expected to be under age 35. The average age (1996 Census of Agriculture data) of the over age 45 farm operators in the Okanagan is 57.3 years while the average age of the under age 45 farm operators in the Okanagan is 36.4 years.



Objective:

The following analysis was undertaken at the request of the Industry Organizations Development Branch of the Ministry of Agriculture and Food to provide an overview, evaluation and assessment of the financial capacity of the Okanagan tree fruit industry to finance orchard replant.

Data Sources:¹

Taxfiler data was accessed and analyzed for the Okanagan fruit industry, which is dominated by tree fruit production. In addition, the Whole Farm Insurance Program (WFIP) claim data for tree fruits was obtained and analyzed. In particular, the WFIP data provides data on interest paid by the claimant, which is indicative of the level of debt carried by a grower. This information was utilized to substantiate the Taxfiler Asset and Liability data.

In 1991, the Agriculture Division of Statistics Canada obtained the necessary funding to launch the Farm level Data Project (FLDP) and provide the data necessary for monitoring the financial position of farm businesses; assessing the impact of changing policies, programs and economic conditions on farms; and administering and evaluating agricultural programs.

The Whole Farm Data Base (WFDB) was launched as an essential component of the FLDP. The Extraction System of Agricultural Statistics (ESAS) was developed to combine all the most commonly requested physical and financial agricultural data in an easy-to-use software. Although the WFDB is the source for custom requests, such as the data the analysis that follows is derived from, ESAS was designed to satisfy the most common user needs. However, the demand for ESAS was the catalyst that now provides the impetus to maintain the WFDB and thus provide a source of data for custom reports.

The various limitations of the different data sources shaped the design of the ESAS. Different sample sizes and the varying quality of responses resulted in the different levels of disaggregation as well as different lists of estimated variables.

Revenues & Expenses and Off-Farm Income Data

The Taxation Data Program (TDP) samples unincorporated and incorporated Taxfiler records annually to estimate a range of financial agricultural variables. Detailed income and expenses, acquisitions and disposals of depreciable assets, and off-farm income of operators compose the variables sampled by the TDP.

TDP data is compiled from two separate sources: a random sample of unincorporated income tax returns selected from the Self-Employment File for Agriculture (SEFA); and a random sample of

¹ The following material is either taken directly from the Extraction System of Agricultural Statistics (ESAS), Reference Manual or is based on material within the Reference Manual.

incorporated tax returns selected from the CORPAC file that were classified as farms (SIC) with sales exceeding \$25,000. Since the 1993 taxation year, communal farming organizations have been in-scope for the TDP.

Statistics Canada captures all necessary data from the tax records. The affected data is then subjected to a series of detailed edit and imputation procedures, after which it is expanded by the sampling "weight", adjusted according to the partnership share, and aggregated to arrive at the final estimates.

Assets & Liabilities

The estimates for the Farm Assets and Liabilities are derived from the Farm Financial Survey (FFS), which up until 1992 was known as the Farm Credit Corporation Survey. The sample size for the FFS is considerably smaller than for the TDP. While the relatively small sample size may constrain some disaggregations, it is capable of providing reliable financial agricultural data.

The FFS uses two types of sampling frames, a list frame and an area frame, to estimate detailed financial variables. The FFS questionnaires are also subjected to several edit and imputation procedures before the actual estimates are finalized.

Due to administrative data limitations, a small number of farms could not be classified in either Census Agricultural Regions (CAR's), Farm Type or revenue class. Thus, the summation of all farms within each CAR, Farm Type or Revenue Class will not necessarily equal the actual provincial total.

All ESAS estimates are derived from samples, making them subject to sampling errors. Such errors occur when observations are based only on a sample and not on the population as a whole. The size and design of the samples, the variability of the characteristic of interest in the population, and the estimation method all affect data quality. In sample surveys, inference is made about the entire population based on data obtained from a part of the population. Therefore, the results are likely to be different than if a complete census was taken under the same survey conditions.

A total estimate as well as an estimate of the number of farms reporting is derived for each variable. The more aggregated the variable that is being estimated, the higher the quality of the estimate. For example, Total Crop Sales will be a more reliable estimate than say the estimate for Potato Sales. Total Operating Revenues and Total Operating Expenses are more reliable estimates than any of the components making up the larger category. For the same reasons, the component estimates will rarely add to the total of the estimate for the higher-level variable.

Data was obtained for "Fruits" which includes berries, grapes, and tree fruit crops since data for "apples" is suppressed due to confidentiality requirements of Statistics Canada. However, "Fruits" in the "Okanagan" region is predominated by Tree Fruit crops and as such, the data will be highly representative of Tree Fruit farms in the region.

The results of the analysis are detailed in Table 1 thru Table 8 which set forth the data for both 1991 and 1997 for Revenues and Expenses, Off-Farm Income, and Assets and Liabilities of Fruit Farms in the Okanagan and the Province of British Columbia.

Tables 9 thru 12 detail the comparison of 1997 to 1991 values including the change between 1997 and 1991 for Revenues and Expenses, Off-Farm Income, and Assets and Liabilities of Fruit Farms in the Okanagan and the Province of British Columbia.

An analysis and discussion of the results of the analysis of the Whole Farm Insurance Program claims data (interest paid) follows the analysis and discussion of the WFDP data.

Demographics of Okanagan Farm Operators:

The available 1996 Census of Agriculture demographic information indicates a total of 5,085 fruit farm operators in British Columbia with 485 or 9.5% (12.4% in 1991 OVTFA Orchard Survey) of fruit farm operators under age 35; 2,640 or 51.9% (46.6% in 1991 OVTFA Orchard Survey) of fruit farm operators age 35 to 54; and 1,960 or 38.5% (37.5% in 1991 OVTFA Orchard Survey) of farm operators over age 55. There are 9,000 farm operators in the Okanagan region with an average age of 50.0 years. Nearly 35% or 3,145 of these farm operators are age 45 and under while 65% or 5,850 farm operators are over age 45. The average age of the age 45 and under group is 36.4 years while the average age of the over 45 group is 57.3 years.

Age Distribution of Fruit Farm Operators		
Category	1996 Census of Agriculture	OVTFA Orchard Survey
Under Age 35 years	9.5% (485 operators)	12.4%
Age 35 to 54 years	51.9% (2,640 operators)	46.6%
Over age 55 years	38.5% (1,960 operators)	37.5%

Based on the demographic information available, the tree fruit farm operators are much more likely to be over age 45 than age 45 and under. The data available would suggest that about 1 in 3 tree fruit operators may be over age 55. Only about 1 in 10 tree fruit operators would be expected to be under age 35.

Overview of Analytical Approach:

The tree fruit growers have indicated that the financial situation within the tree fruit industry has deteriorated over recent years leaving many growers in difficult to impossible financial situations with little capacity to finance orchard replant.

A grower must generate sufficient net operating income, which when combined with other sources of income such as off-farm income, provide adequate cash-flow to cover living costs, debt retirement, and either cash or debt-repayment capacity for capital purchases which would include orchard replant. In addition to the financial constraints to the decision to replant there are the additional considerations of age, philosophy and expectation of the future of the tree fruit

industry held by the individual farm operator. A younger to middle aged farm operator with a risk taking philosophy and a positive expectation of future industry performance is much more likely to undertake replant than an older more conservative farm operator who may have become disillusioned about industry performance.

Four potential replant scenarios (outcomes) are envisioned:

1. Industry possesses the capacity to finance orchard replant as characterized by:
 - a. Low debt, primarily short-term and operating debt;
 - b. Sufficient available capital for leverage; and
 - c. Positive farm income to cash flow financing.
2. Limited potential capacity to finance orchard replant as characterized by:
 - a. Some debt, primarily short-term operating;
 - b. Sufficient capital but somewhat leveraged; and
 - c. Positive farm income to cash flow financing.
3. Marginal capacity to finance orchard replant as characterized by:
 - a. Considerable debt, both short- and long-term;
 - b. Capital leverage with limited ability to further leverage; and
 - c. Low to nil positive farm income to cash flow financing.
4. Nil to limited capacity to finance orchard replant as characterized by:
 - a. Considerable debt, mostly long-term;
 - b. Capital leveraged fully leverage; and
 - c. Negative farm income, no ability to cash flow financing.

Capacity of the Okanagan Tree Fruit Industry to Finance Orchard Replant:

No Replant or Specialized Loan Programs:

Based on the information available, the analysis undertaken, and the assumption that no government programs existed to assist with replant, then less than one-third of the tree fruit operators within the Okanagan Region could be reasonably expected to undertake replant initiatives. This specific group of tree fruit operators account for nearly 70% of the total farm income of fruit farms in the Okanagan Region.

Considering the availability of net operating income to service further debt resulting from replant initiatives, only the \$100,000 to \$249,999 group of 225 farm operators and the \$250,000 to \$499,999 group of 65 farm operators could be reasonably expected to initiate replant programs solely on their own. These farm operators are also more likely to have already initiated replant programs that may now be reflected in the financial performance of this group of farm operators.

The smaller farm operators have reasonably high equity levels. Debt levels would, however, appear to be high considering the levels of income generated and the apparent debt servicing capacity available. For example, the \$10,000 to \$24,999 revenue class farm operator has an

average debt of about \$80,000. The annual interest cost of this debt, assuming a 7% interest rate would then be \$5,600. This \$5,600 is expensed as part of the average farm operating expenses of \$19,297. The resultant net operating income for this revenue class is -\$2,481. Neither principal payments on debt or living costs have been considered to this point. However, the \$10,000 to \$24,999 revenue class has off-farm income of \$31,489 per farm operator to draw upon to cover farm losses, principal payments on debt and living costs.

Replant costs amount to nearly \$10,000 per acre (\$9,865 per acre based on Planning For Profit Agdex 211-810). Full production is not reached until year 6. The initial cost of replant and the time factor before significant positive gross margins are generated from the replanted orchard area create a financial conundrum for many tree fruit growers. The capital costs of replant as well as the operating losses of the first few years must be carried by other components of the operation or financed with debt capital.

Financing the \$9,865 cost of replanting at 7% interest over a ten year period would require an amortized payment of \$1,404.55 per year per acre replanted. The net present value of the gross margins from a replanted acre of apple orchard considering a 7% discount rate and a ten year time horizon amounts to \$1,453.87. Thus, the present value of the future ten years gross margins less the current cost of replant is positive and in a financial context indicates an investment that should be considered. In the absence of replant grants, the cash flow to cover the debt retirement of the initial replant debt may not be available for the majority of tree fruit producers. This is especially the case with those operators generating less than \$100,000 per year in farm cash receipts.

With Replant and Specialized Loan Programs:

The Okanagan Valley Tree Fruit Authority (OVTFa) Replant Grant that is available and the specialized Farm Credit Corporation (FCC) Plant Now – Pay Later loan program that allows for the deferring of loan payments for up to three years for projects such as orchard replant, when combined, serve to accommodate nearly all tree fruit growers and their situations. The OVTFa grant of \$4,000 per acre reduces the overall capital cost of replanting from \$9,865 per acre to \$5,865 per acre. Using the FCC Plant Now – Pay Later loan program for financing the \$5,865 with 3 year interest deferment, 20 year loan term, and 7% interest would require an annual payment of \$736.88² for years 4 through 20 of the loan. The Farming for Profit budget estimates for a replanted orchard indicates a gross margin of \$1,385 per acre in year 4. In general, use of the OVTFa replant program in conjunction with the FCC loan program will permit virtually all growers the opportunity to replant.

Results for any grower will vary depending on individual choices of varieties, density of planting, management, factors related to location of orchard including soil and microclimate, and the quality of the fruit produced.

² With an interest rate of 8% the annual payment would be \$797.29 while a 10% interest rate would result in an annual payment of \$950.50.

Returns from a "replant orchard" would be expected to be greater than from existing orchards. Annual returns from the older varieties and planting densities often do not cover the annual operating costs such that operating losses are incurred on an annual basis. However, these plantings do provide annual cash flow. Removal of these plantings for replant results in a loss of cash flow from the time of removal until the new plantings become productive. Thus, the applicability of a program such as the FCC Plant Now Pay Later loan program which takes this period of time into account.

As outlined in the following section (Summary Table I), those producers with less than \$25,000 of farm cash receipts currently have negative net operating margins. Replant for this group would be largely dependent upon some combination of replant grant, specialized capital replant loan and off-farm income. Demographics and individual preferences and philosophy will also be instrumental in the decision to replant or not to replant for this group.

The \$25,000 to \$49,999 Revenue Class as well as the \$50,000 to \$99,999 Revenue Class currently has positive net operating margins. However, under a replant scenario it would be anticipated that this net operating margin would become negative during the period of time from removal of existing orchard plantings until the new plantings become productive. Replant for this group would also be largely dependent upon some combination of replant grant, specialized capital replant loan and off-farm income. Again, the demographics of the farm operators combined with individual preferences and philosophy will significantly impact on the replant decision.

The over \$100,000 Revenue Classes are the most likely to replant. They are in the best financial positions to undertake replant. The financial results indicated for these categories are likely to reflect some already undertaken and now productive replant orchards.

Overall, equity is not a significant issue as the majority of the tree fruit operators have high equity levels. The issue is that operating revenues and particularly net operating revenues do not provide adequate returns to service existing debt levels, living costs, and leave any allowance for replacement of depreciable capital assets including the orchards.

Summary of Findings:

Assuming an average per acre revenue of \$4,500 for apple production, the farms range in size from less than 1 acre for the Less than \$10,000 revenue class to over 60 acres for the \$250,000 to \$499,999 revenue class. Summary Table I lists estimated average acreages by revenue class.

Summary Table I
Estimated Acreage Per Farm Operation
Okanagan Tree Fruit Farm Operators

Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
Estimated Acreage	Per Farm	12.5	0.5	3.25	7.0	14.0	30.0	63.0

The Summary Table II *Total Operator Income Okanagan Tree Fruit Farm Operators*, indicates that Okanagan tree fruit farm operators had total operator incomes ranging from \$24,841 for the \$25,000 to \$49,999 revenue class to \$59,422 for the \$250,000 to \$499,999 revenue class. The average Total Operator Income for Fruit Farm operators in the Okanagan was \$31,903. This compares to an average income for all taxpayers in the Okanagan-Similkameen Regional District of \$30,757. The B.C. provincial average income for all taxpayers was \$36,961 in 1996 (Data obtained from BC Stats, Ministry of Finance & Corporate Relations). These same statistics indicate that only 21.9% of the Okanagan-Similkameen taxpayers earned \$30,000 or greater which compares to the British Columbia figure of 34.5%.

Summary Table II
Total Per Farm Operator Income
Okanagan Tree Fruit Farm Operators

Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
Net Farm Operating Income	Total Estimate	6,902,012	-4,370,352	-756,668	714,615	2,891,831	4,772,037	2,594,637
	Per Farm	3,990	-8,829	-2,481	2,166	9,972	21,209	39,917
Total Off-Farm Income	Total Estimate	62,663,932	23,585,135	12,438,228	10,203,832	9,927,786	5,224,247	1,560,365
	Per Farm	27,913	37,736	31,489	22,675	24,819	18,015	19,505
Total Operator Income	Total Estimate	69,565,944	19,214,783	11,681,560	10,918,447	12,819,617	9,996,284	4,155,002
	Per Farm	31,903	28,907	29,008	24,841	34,791	39,224	59,422

Table 1, *Okanagan Tree Fruit Farms 1997 Revenue & Expenses* indicates that, on average, Okanagan tree fruit farms had a net operating income of \$3,990 per farm but that these same farms incurred a net taxable income (loss) of \$1,508. This ranged from a net operating income loss of \$8,829 per farm for the Less than \$10,000 of farm revenues group to a net operating income profit of \$39,917 for the \$250,000 to \$499,999 revenue class. Similarly, The Less than \$10,000 group had the largest net taxable income loss at \$14,238 per farm while the \$250,000 to \$499,999 group had the largest net taxable income profit at \$23,060. In fact, the three smallest revenue categories all experienced net taxable income losses: the Less than \$10,000 group at \$14,238; the \$10,000 to \$24,999 group at -\$5,370; and the \$25,000 to \$29,999 group at -\$2,095.

Table 1
Okanagan Tree Fruit Farms
1997 Revenue & Expenses

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	1,730	495	305	330	290	225	65
Fruit Revenue	Total Estimate	96,669,743	1,201,625	4,482,422	9,821,965	18,797,847	30,904,519	18,431,174
	Per Farm	55,878	2,428	14,696	29,764	64,820	137,353	283,557
Total Crop Revenue	Total Estimate	97,327,280	1,211,522	4,500,631	9,869,765	18,908,034	31,025,803	18,668,731
	Per Farm	56,259	2,448	14,756	29,908	65,200	137,892	287,211
Total Operating Rev.	Total Estimate	110,140,126	1,940,982	5,128,833	11,888,052	20,867,899	34,463,679	21,428,395
	Per Farm	63,665	3,921	16,816	36,024	71,958	153,172	329,668
Gross Farm Income for Tax Purposes	Total Estimate	112,480,069	2,055,619	5,148,140	12,160,212	21,517,372	35,111,442	21,500,996
	Per Farm	65,017	4,153	16,879	36,849	74,198	156,051	330,785
Total Operating Exp.	Total Estimate	103,238,113	6,311,335	5,885,502	11,173,437	17,976,068	29,691,643	18,833,758
	Per Farm	60,197	12,700	19,297	35,471	61,986	131,963	289,750
Total Expenses for Tax Purposes	Total Estimate	115,087,536	9,103,388	6,786,034	12,851,590	20,233,446	31,852,232	20,002,121
	Per Farm	66,525	18,391	22,249	38,944	69,771	141,565	307,725
Net Operating Income	Total Estimate	6,902,012	-4,370,352	-756,668	714,615	2,891,831	4,772,037	2,594,637
	Per Farm	3,990	-8,829	-2,481	2,166	9,972	21,209	39,917
Net Taxable Income	Total Estimate	-2,607,467	-7,047,769	-1,637,894	-691,378	1,283,926	3,259,210	1,498,875
	Per Farm	-1,508	-14,238	-5,370	-2,093	4,427	14,486	23,060

Table 2, *Okanagan Tree Fruit Farms 1997 Off-Farm Income* indicates that tree fruit operators derive a substantial proportion of their income from off-farm sources. Adding the Net Operating Income to the Total Off-Farm Income provides an indication of the Total Income available to a farm operator. Table 6 indicates the 1991 Off-Farm Income for Okanagan Tree Fruit operators.

Table 3 *Okanagan Tree Fruit Farms 1997 Assets & Liabilities* indicates that the average farm had total farm assets of some \$697,200 dollars with total farm liabilities of \$123,500 leaving an average total net worth of some \$628,400 (including non-farm assets and liabilities). Table 7 sets forth the 1991 Assets and Liabilities information. Table 9 Sets forth a comparison of 1997 to 1991 Assets and Liabilities for Okanagan Fruit Farm operators.

Due to the sample size and structure the Less than \$10,000 revenue class data for assets and liabilities was suppressed by Statistics Canada confidentiality rules. Farm liabilities ranged from \$79,781 for the \$10,000 to \$24,999 revenue class to \$545,382 for the \$250,000 to \$499,999 revenue class. Net worth ranged from \$335,380 for the \$10,000 to \$24,999 revenue class to \$2,197,914 for the \$250,000 to \$499,999 revenue class. The value of Land and Buildings ranges from \$321,863 for the \$10,000 to \$24,999 revenue class to \$2,184,669 for the \$250,000 to \$499,999 revenue class. From these values, it can be observed that the net worth of

Table 2
Okanagan Tree Fruit Farms
1997 Off-Farm Income

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	2285	630	400	455	410	305	85
Total Wages & Salaries	Total Estimate	23,555,872	5,621,227	8,161,591	2,646,689	4,233,171	2,445,842	588,694
	Per Farm	25,886	33,066	35,485	17,075	22,882	19,567	16,820
Investment Income	Total Estimate	8,254,022	2,761,883	1,069,238	1,214,961	1,660,870	1,330,195	243,845
	Per Farm	4,855	6,499	4,455	3,375	4,745	5,429	3,251
Pension Income	Total Estimate	15,013,503	23,585,135	1,740,544	2,377,004	669,432	294,031	92,659
	Per Farm	27,913	22,750	11,229	12,849	12,171	9,801	9,266
Total Off-Farm Income	Total Estimate	62,663,932	23,585,135	12,438,228	10,203,832	9,927,786	5,224,247	1,560,365
	Per Farm	27,913	37,736	31,489	22,675	24,819	18,015	19,505

these farm operations is nearly equivalent to the value of land and buildings.

Land and Buildings comprise in excess of 80% of the value of total farm assets for all revenue classes. The value of Land and Buildings is greater than 90% of the Total Net Worth of all revenue classes except for the \$100,000 to \$249,999 revenue class where the value of Land and Buildings is 88.8% of the Total Net Worth. Current Assets and Machinery and Equipment Assets account for a relatively small component of the total assets or of net worth. The vast majority of the "wealth" of the tree fruit industry lies within the land base used in the production process.

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Table 3
Okanagan Tree Fruit Farms
1997 Assets & Liabilities

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	675	na	140	205	170	100	35
Total Current Assets	Total Estimate	24,003,593	na	1,453,797	3,233,244	4,147,754	6,742,542	4,143,361
	Per Farm	35,561	na	10,384	16,772	24,399	67,425	118,382
Machinery & Equip. Assets	Total Estimate	59,894,573	na	7,105,404	14,154,454	12,443,027	13,327,824	6,287,762
	Per Farm	63,047	na	34,661	55,508	45,247	88,852	157,194
Land & Buildings Assets	Total Estimate	552,918,920	na	65,981,829	122,079,251	130,863,157	112,932,519	87,386,743
	Per Farm	604,283	na	321,863	488,317	503,320	836,537	2,184,669
Total Long Term Assets	Total Estimate	638,354,086	na	76,074,870	140,099,256	148,631,221	133,608,123	97,407,733
	Per Farm	671,952	na	371,097	549,409	540,477	890,721	2,435,193
Total Farm Assets	Total Estimate	662,357,679	na	77,528,667	143,332,500	152,778,976	140,350,665	101,551,093
	Per Farm	697,219	na	378,189	562,088	555,560	935,671	2,538,777
Total Current Liabilities	Total Estimate	8,571,070	na	609,763	1,905,295	1,356,261	1,671,701	2,023,614
	Per Farm	35,713	na	15,244	23,816	24,659	47,763	101,181
Total Long Term Liabilities	Total Estimate	56,795,955	na	8,166,094	7,058,335	14,313,500	11,525,911	11,610,931
	Per Farm	123,469	na	96,072	61,377	110,104	135,599	387,031
Total Farm Liabilities		65,367,025	na	8,775,857	8,963,631	15,669,761	13,197,612	13,634,545
		116,727	na	79,781	64,026	94,968	138,922	545,382
Total Net Worth	Total Estimate	596,990,654	na	68,752,810	134,368,869	137,109,215	127,153,053	87,916,549
	Per Farm	628,411	na	335,380	526,937	498,579	847,687	2,197,914
Working Capital	Per Farm	0.995	na	0.681	0.662	0.989	1.412	1.170

Table 4 *1997 Assets & Liabilities Distribution of Debt* indicates that, on average, 35.6% of the tree fruit farms had some short term debt while 68.1% of the tree fruit farms had some long term debt in 1997. This compares to the 1991 situation (Table 8) where 51.9% of the tree fruit farms had some short-term debt and 49.8% of the tree fruit farms had some long-term debt.

Table 3
Okanagan Tree Fruit Farms
1997 Assets & Liabilities

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	675	na	140	205	170	100	35
Total Current Assets	Total Estimate	24,003,593	na	1,453,797	3,233,244	4,147,754	6,742,542	4,143,361
	Per Farm	35,561	na	10,384	15,772	24,399	67,425	118,382
Machinery & Equip. Assets	Total Estimate	59,894,573	na	7,105,404	14,154,454	12,443,027	13,327,824	6,287,762
	Per Farm	63,047	na	34,661	55,508	45,247	88,852	157,194
Land & Buildings Assets	Total Estimate	552,918,920	na	65,981,829	122,079,251	130,863,157	112,932,519	87,386,743
	Per Farm	604,283	na	321,863	488,317	503,320	836,537	2,184,669
Total Long Term Assets	Total Estimate	638,354,086	na	76,074,870	140,099,256	148,631,221	133,608,123	97,407,733
	Per Farm	671,952	na	371,097	549,409	540,477	890,721	2,435,193
Total Farm Assets	Total Estimate	662,357,679	na	77,528,667	143,332,500	152,778,976	140,350,665	101,551,093
	Per Farm	697,219	na	378,189	562,088	555,560	935,671	2,538,777
Total Current Liabilities	Total Estimate	8,571,070	na	609,763	1,905,295	1,356,261	1,671,701	2,023,614
	Per Farm	35,713	na	15,244	23,816	24,659	47,763	101,181
Total Long Term Liabilities	Total Estimate	56,795,955	na	8,166,094	7,058,335	14,313,500	11,525,911	11,610,931
	Per Farm	123,469	na	96,072	61,377	110,104	135,599	387,031
Total Farm Liabilities		65,367,025	na	8,775,857	8,963,631	15,669,761	13,197,612	13,634,545
		116,727	na	79,781	64,026	94,968	138,922	545,382
Total Net Worth	Total Estimate	596,990,654	na	68,752,810	134,368,869	137,109,215	127,153,053	87,916,549
	Per Farm	628,411	na	335,380	526,937	498,579	847,687	2,197,914
Working Capital	Per Farm	0.995	na	0.681	0.662	0.989	1.412	1.170

Table 4 *1997 Assets & Liabilities Distribution of Debt* indicates that, on average, 35.6% of the tree fruit farms had some short term debt while 68.1% of the tree fruit farms had some long term debt in 1997. This compares to the 1991 situation (Table 8) where 51.9% of the tree fruit farms had some short-term debt and 49.8% of the tree fruit farms had some long-term debt.

Table 4
Okanagan Tree Fruit Farms
1997 Assets & Liabilities
Distribution of Debt

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	675	na	140	205	170	100	35
# With short-term debt	Total Estimate	240	na	40	80	55	35	20
% Farms with ST Debt		35.6%	na	28.6%	39.0%	32.4%	35.0%	57.1%
# With Long-term Debt	Total Estimate	460	na	85	115	130	85	30
% Farms with LT Debt		68.1%	na	60.8%	56.1%	76.5%	85.0%	85.7%

Table 5
Okanagan Tree Fruit Farms
1991 Revenue & Expenses

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	2225	985	380	355	315	160	na
Fruit Revenue	Total Estimate	56,018,600	2,324,534	4,446,299	8,238,407	14,887,895	18,205,421	na
	Per Farm	25,177	2,360	11,701	23,207	47,263	113,784	na
Total Crop Revenue	Total Estimate	56,409,527	2,324,534	4,468,990	8,247,252	14,930,073	18,314,024	na
	Per Farm	25,353	2,360	11,761	23,232	47,397	114,463	na
Total Operating Rev.	Total Estimate	79,826,544	3,358,585	6,546,398	12,843,345	22,092,288	24,711,448	na
	Per Farm	35,877	3,410	17,227	36,178	70,134	154,447	na
Gross Farm Income for Tax Purposes	Total Estimate	85,489,222	3,671,922	6,756,245	13,983,296	22,530,751	26,911,332	na
	Per Farm	38,422	3,728	17,780	39,390	71,526	168,196	na
Total Operating Exp.	Total Estimate	66,196,420	5,513,627	6,235,944	10,695,453	15,114,875	19,613,117	na
	Per Farm	29,818	5,626	16,410	30,558	47,984	122,582	na
Total Expenses for Tax Purposes	Total Estimate	75,845,821	7,036,015	7,322,236	12,286,012	16,909,581	21,420,452	na
	Per Farm	34,088	7,180	19,269	34,608	53,681	133,878	na
Net Operating Income	Total Estimate	13,630,124	-2,155,041	310,455	2,147,892	6,977,414	5,098,332	na
	Per Farm	6,126	-2,188	817	6,050	22,151	31,865	na
Net Taxable Income	Total Estimate	9,643,401	-3,364,093	-565,991	1,697,284	5,621,170	5,490,880	na
	Per Farm	4,334	-3,452	-1,489	4,782	17,845	34,318	na



Table 6
Okanagan Tree Fruit Farms
1991 Off-Farm Income

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	2940	1205	560	525	465	180	na
Total Wages & Salaries	Total Estimate	41,240,227	17,248,337	11,617,438	8,593,528	2,575,674	1,251,905	na
	Per Farm	27,402	23,309	38,090	39,061	16,098	15,649	na
Investment Income	Total Estimate	13,941,076	4,220,714	3,212,266	2,721,360	2,833,468	920,035	na
	Per Farm	5,221	4,001	6,177	5,729	6,514	5,576	na
Pension Income	Total Estimate	7,536,597	3,962,755	1,568,539	814,692	991,264	194,519	na
	Per Farm	9,421	9,907	8,714	7,406	13,217	7,781	na
Total Off-Farm Income	Total Estimate	92,461,772	45,337,501	19,825,422	13,252,035	9,281,446	4,650,070	na
	Per Farm	31,828	37,781	35,403	26,242	20,177	26,572	na

Table 7
Okanagan Tree Fruit Farms
1991 Assets & Liabilities

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	1185	na	355	345	345	120	na
Total Current Assets	Total Estimate	70,691,978	na	24,641,566	10,637,244	17,942,597	13,299,963	na
	Per Farm	66,067	na	78,227	33,769	62,956	110,833	na
Machinery & Equip. Assets	Total Estimate	46,222,773	na	9,494,701	11,955,647	14,766,660	8,244,527	na
	Per Farm	39,847	na	27,926	34,159	42,802	68,704	na
Land & Buildings Assets	Total Estimate	424,932,668	na	98,079,670	91,406,064	120,933,803	76,212,953	na
	Per Farm	357,086	na	276,281	261,160	355,688	635,108	na
Total Long Term Assets	Total Estimate	471,455,214	na	107,594,919	103,462,432	135,715,210	84,610,275	na
	Per Farm	397,853	na	303,084	299,891	393,377	705,086	na
Total Farm Assets	Total Estimate	564,745,517	na	144,699,607	119,943,686	157,734,029	97,919,498	na
	Per Farm	476,578	na	407,605	347,663	457,200	815,996	na
Total Current Liabilities	Total Estimate	16,448,287	na	567,879	2,002,760	3,436,194	5,954,489	na
	Per Farm	26,745	na	5,163	9,770	19,090	54,132	na
Total Long Term Liabilities	Total Estimate	41,473,614	na	1,416,225	14,378,887	11,930,832	10,648,691	na
	Per Farm	70,294	na	20,232	71,894	55,492	112,091	na
Total Farm Liabilities	Total Estimate	57,921,901	na	1,984,104	16,381,647	15,367,025	16,603,180	na
	Per Farm	71,953	na	12,401	61,818	65,392	138,360	na
Total Net Worth	Total Estimate	506,823,616	na	142,715,504	103,562,039	142,367,003	81,316,318	na
	Per Farm	427,699	na	402,016	300,180	412,658	677,636	na
Working Capital	Per Farm	2,470	na	15,151	3,456	3,298	2,048	na

Table 6
Okanagan Tree Fruit Farms
1991 Off-Farm Income

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	2940	1205	560	525	465	180	na
Total Wages & Salaries	Total Estimate	41,240,227	17,248,337	11,617,438	8,593,528	2,575,674	1,251,905	na
	Per Farm	27,402	23,309	38,090	39,061	16,098	15,649	na
Investment Income	Total Estimate	13,941,076	4,220,714	3,212,266	2,721,360	2,833,468	920,035	na
	Per Farm	5,221	4,001	6,177	5,729	6,514	5,576	na
Pension Income	Total Estimate	7,536,597	3,962,755	1,568,539	814,692	991,264	194,519	na
	Per Farm	9,421	9,907	8,714	7,406	13,217	7,781	na
Total Off-Farm Income	Total Estimate	92,461,772	45,337,501	19,825,422	13,252,035	9,281,446	4,650,070	na
	Per Farm	31,828	37,781	35,403	26,242	20,177	26,572	na

Table 7
Okanagan Tree Fruit Farms
1991 Assets & Liabilities

Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	1185	na	355	345	345	120	na
Total Current Assets	Total Estimate	70,691,978	na	24,641,566	10,637,244	17,942,597	13,299,963	na
	Per Farm	59,656	na	78,227	33,769	62,956	110,833	na
Machinery & Equip. Assets	Total Estimate	46,222,773	na	9,494,701	11,955,647	14,766,660	8,244,527	na
	Per Farm	39,847	na	27,926	34,159	42,802	68,704	na
Land & Buildings Assets	Total Estimate	424,932,668	na	98,079,670	91,406,064	120,933,803	76,212,953	na
	Per Farm	357,086	na	276,281	261,160	355,688	635,108	na
Total Long Term Assets	Total Estimate	471,455,214	na	107,594,919	103,462,432	135,715,210	84,610,275	na
	Per Farm	397,853	na	303,084	299,891	393,377	705,086	na
Total Farm Assets	Total Estimate	564,745,517	na	144,699,607	119,943,686	157,734,029	97,919,498	na
	Per Farm	476,578	na	407,605	347,663	457,200	815,996	na
Total Current Liabilities	Total Estimate	16,448,287	na	567,879	2,002,760	3,436,194	5,954,489	na
	Per Farm	13,880	na	215	970	19,090	50,332	na
Total Long Term Liabilities	Total Estimate	41,473,614	na	1,416,225	14,378,887	11,930,832	10,648,691	na
	Per Farm	70,294	na	20,232	71,894	55,492	112,091	na
Total Farm Liabilities	Total Estimate	57,921,901	na	1,984,104	16,381,647	15,367,025	16,603,180	na
	Per Farm	71,953	na	12,401	61,818	65,392	138,360	na
Total Net Worth	Total Estimate	506,823,616	na	142,715,504	103,562,039	142,367,003	81,316,318	na
	Per Farm	427,699	na	402,016	300,180	412,658	677,636	na
Working Capital	Per Farm	2,470	na	15,151	3,456	3,298	2,048	na

Table 8 Okanagan Tree Fruit Farms 1991 Assets & Liabilities Distribution of Debt								
Variable	Data	Sales Class						
		Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
# of Farms	Total Estimate	1185	na	355	345	345	120	na
# With short-term debt	Total Estimate	615	na	110	205	180	110	na
% Farms with ST Debt		51.9%	na	31.0%	59.4%	52.2%	91.7%	na
# With Long-term Debt	Total Estimate	590	na	70	200	215	95	na
% Farms with LT Debt		49.8%	na	19.7%	58.0%	62.3%	79.2%	na

Table 9, *1997 to 1991 Assets and Liabilities Comparison* shows that total farm liabilities have increased over the time considered. Total Net Worth has increased by a greater amount in all cases except for the \$10,000 to \$24,999 revenue class which has experienced a decline in net worth over the time.

Table 9 Okanagan Tree Fruit Farms 1997 to 1991 Assets & Liabilities Comparison								
Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
1997 Assets & Liabilities								
Total Farm Liabilities	Total Estimate	65,367,025	na	8,775,857	8,963,631	15,669,761	13,197,612	13,634,545
	Per Farm	116,727	na	79,781	64,026	94,968	138,922	545,382
Total Net Worth	Total Estimate	596,990,654	na	68,752,810	134,368,869	137,109,215	127,153,053	87,916,549
	Per Farm	628,411	na	335,380	526,937	498,579	847,687	2,197,914
1991 Assets & Liabilities								
Total Farm Liabilities	Total Estimate	57,921,901	na	1,984,104	16,381,647	15,367,025	16,603,180	na
	Per Farm	71,953	na	12,401	61,818	65,392	138,360	na
Total Net Worth	Total Estimate	506,823,616	na	142,715,504	103,562,039	142,367,003	81,316,318	na
	Per Farm	427,699	na	402,016	300,180	412,658	677,636	na
Change in Assets & Liabilities 1997 versus 1991								
Total Farm Liabilities	Total Estimate	7,445,124	na	6,791,753	-7,418,016	302,736	-3,405,568	na
	Per Farm	44,774	na	67,380	-2,208	29,576	-562	na
Total Net Worth	Total Estimate	90,167,038	na	-73,962,694	30,806,830	-5,257,788	45,836,735	na
	Per Farm	200,712	na	-66,636	226,757	-85,921	170,051	na

Table 10, *1997 to 1991 Assets & Liabilities Distribution of Debt Comparison* shows that overall there has been a decrease in farms with short term debt but an increase in farms with long term debt. From 1991 to 1997, there was a decrease of 16.3% in farms with short-term

debt but an offsetting 18.3% increase in farms with long term debt. The \$10,000 to \$24,999 revenue class had a 41.1% increase in long term debt and a 2.4% decrease in short term debt. The \$25,000 to \$49,999 revenue class had a 1.9% decrease in long term debt as well as a 20.4% decrease in short term debt. The \$50,000 to \$99,999 revenue class had a 19.8% decrease in short term debt but a 14.2% increase in long term debt. The \$100,000 to \$249,999 revenue class experienced a 56.7% decrease in short term debt and a 5.8% increase in long term debt. There was no 1991 data for the \$250,000 to \$499,999 revenue class but the 1997 data indicates that 57.15 of these farms have short-term debt and 85.7% have long-term debt.

Table 10
Okanagan Tree Fruit Farms
1997 to 1991 Assets & Liabilities
Distribution of Debt Comparison

		Sales Class						
Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
Distribution of 1997 Debt								
% Farms with ST Debt		35.6%	na	28.6%	39.0%	32.4%	35.0%	57.1%
% Farms with LT Debt		68.1%	na	60.8%	56.1%	76.5%	85.0%	85.7%
Distribution of 1991 Debt								
% Farms with ST Debt		51.9%	na	31.0%	59.4%	52.2%	91.7%	na
% Farms with LT Debt		49.8%	na	19.7%	58.0%	62.3%	79.2%	na
Change in Distribution of Liabilities 1997 versus 1991								
% Farms with ST Debt		(16.3%)	na	(2.4%)	(20.4%)	(19.8%)	(56.7%)	na
% Farms with LT Debt		18.3%	na	41.1%	(1.9%)	14.2%	5.8%	na

Table 11, *1997 to 1991 Net Operating and Net Taxable Income Comparison* indicates an overall decrease in profitability of tree fruit farms between the two reference years. On average, the Okanagan tree fruit farms have experienced a \$5,842 decrease in net taxable income and a \$2,136 dollar decrease in net operating revenues. The Less than \$10,000 revenue class experienced a \$6,641 (\$10,786) decrease in net operating revenues; the \$10,000 to \$24,999 revenue class a decrease of \$3,298 (\$3,881); the \$25,000 to \$49,999 revenue class a decrease of \$3,884 (\$6,877); the \$50,000 to \$99,999 revenue class a decrease of \$12,179 (\$13,418); and the \$100,000 to \$249,999 revenue class a decrease of \$10,656 (\$19,832). Net taxable income decreases are noted in the brackets following the net operating income figure.

Table 12, *1997 to 1991 Off-Farm Income Comparison* indicates an overall decrease in total off-farm income between 1991 and 1997 for all the revenue classes with the exception of the \$50,000 to \$99,999 revenue class which experienced an increase in total off-farm income.

Table 11
Okanagan Tree Fruit Farms
1997 to 1991 Net Operating and Net Taxable Income Comparison

Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
1997 Net Operating & Net Taxable Income								
Net Operating Income	Total Estimate	6,902,012	-4,370,352	-756,668	714,615	2,891,831	4,772,037	2,594,637
	Per Farm	3,990	-8,829	-2,481	2,166	9,972	21,209	39,917
Net Taxable Income	Total Estimate	-2,607,467	-7,047,769	-1,637,894	-691,378	1,283,926	3,259,210	1,498,875
	Per Farm	-1,508	-14,238	-5,370	-2,095	4,427	14,486	23,060
1991 Net Operating & Net Taxable Income								
Net Operating Income	Total Estimate	13,630,124	-2,155,041	310,455	2,147,892	6,977,414	5,098,332	na
	Per Farm	6,126	-2,188	817	6,050	22,151	31,865	na
Net Taxable Income	Total Estimate	9,643,401	-3,364,093	-565,991	1,697,284	5,621,170	5,490,880	na
	Per Farm	4,334	-3,452	-1,489	4,782	17,845	34,318	na
Change in Net Operating & Net Taxable Income 1997 versus 1991								
Net Operating Income	Total Estimate	-6,728,112	-2,215,311	-1,067,123	-1,433,277	-4,085,583	-326,295	na
	Per Farm	-2,136	-6,641	-3,298	-3,884	-12,179	-10,656	na
Net Taxable Income	Total Estimate	-12,250,868	-3,683,676	-1,071,903	-2,388,662	-4,337,244	-2,231,670	na
	Per Farm	-5,842	-10,786	-3,881	-6,877	-13,418	-19,832	na

Table 12
Okanagan Tree Fruit Farms
1997 to 1991 Off-Farm Income Comparison

Variable	Data	Total	Less Than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999
1997 Off-Farm Income								
Total Wages & Salaries	Total Estimate	23,555,872	5,621,227	8,161,591	2,646,689	4,233,171	2,445,842	588,694
	Per Farm	25,886	33,066	35,485	17,075	22,882	19,567	16,820
Total Off-Farm Income	Total Estimate	62,663,932	23,585,135	12,438,228	10,203,832	9,927,786	5,224,247	1,560,365
	Per Farm	27,913	37,736	31,489	22,675	24,819	18,015	19,505
1991 Off-Farm Income								
Total Wages & Salaries	Total Estimate	41,240,227	17,248,337	11,617,438	8,593,528	2,575,674	1,251,905	na
	Per Farm	27,402	23,309	38,090	39,061	16,098	15,649	na
Total Off-Farm Income	Total Estimate	92,461,772	45,337,501	19,825,422	13,252,035	9,281,446	4,650,070	na
	Per Farm	31,828	37,781	35,403	26,242	20,177	26,572	na
Change in Off-Farm Income 1997 versus 1991								
Total Wages & Salaries	Total Estimate	-17,684,355	-11,627,110	-3,455,847	-5,946,839	1,657,497	1,193,937	na
	Per Farm	-1,516	9,757	-2,605	-21,986	6,784	3,918	na
Total Off-Farm Income	Total Estimate	-29,797,840	-21,752,366	-7,387,194	-3,048,203	646,340	574,177	na
	Per Farm	-3,915	-45	-3,914	-3,567	4,642	-8,557	na

Review of Whole Farm Income Program Data:

The Whole Farm Income Program claim data was analyzed to provide a cross-reference to the Taxfiler data for purposes of validation of the Taxfiler Asset and Liability estimates.

A total of 145 claims were submitted and paid for farm operations categorized as Tree Fruit farms in the South Interior Region of the province of British Columbia. The majority of the tree fruit industry is located within this region.

The 145 claimants received a total WFIP indemnity of \$1,989,442 for the 1997 tax year. Of the 145 claims submitted, there were 111 returns that indicated interest paid as an expense item. Of the 111 farms indicating interest being paid, there were 99 that paid interest charges greater than \$100. Thus, there were a total of 12 farms that paid less than \$100 in interest charges.

Table 13, *Distribution of WFIP Claims and Interest Paid* provides an indication of the distribution of the tree fruit industry debt based on the interest payments of the WFIP claimants. The WFIP data would support the Taxfiler Asset & Liability data in that the interest payments of the WFIP claimants is indicative of the debt levels indicated in the Taxfiler data base. For example, the \$10,000 to \$24,999 revenue class paid interest that would equate to an average per farm total debt of about \$80,750 which is nearly equivalent to the Taxfiler data estimate of \$79,781 per farm. This pattern continues across all the revenue classes. The WFIP data was analyzed using the Taxfiler data "Farm Revenue Class" categories. The following claim and interest paid information was obtained using this approach:

Table 13
Distribution of WFIP Claims and Interest Paid
Tree Fruit Claimants
South Interior Region

Revenue Class	WFIP Claim	% of Total \$ Claims	Number Claiming	Interest Paid	% of Total \$ Interest	Number Paying Interest
Revenue Class 1 <i>Less than \$10,000</i>	\$6,760	0.3%	5 (3.5%)	\$20,682	2.0%	2 (1.8%)
Revenue Class 2 <i>\$10,000 to \$24,999</i>	\$54,849	2.8%	16 (11.0%)	\$58,142	5.6%	9 (8.1%)
Revenue Class 3 <i>\$25,000 to \$49,999</i>	\$144,924	7.3%	27 (18.6%)	\$77,193	7.4%	22 (19.8%)
Revenue Class 4 <i>\$50,000 to \$99,999</i>	\$378,109	19.0%	37 (25.5%)	\$143,339	13.8%	30 (27.0%)
Revenue Class 5 <i>\$100,000 to \$249,999</i>	\$769,043	38.7%	40 (27.5%)	\$237,950	22.9%	29 (26.2%)
Revenue Class 6 <i>\$250,000 to \$499,999</i>	\$347,326	17.5%	14 (9.7%)	\$224,139	21.5%	13 (11.7%)
Revenue Class 7 <i>\$500,000 and greater</i>	\$287,473	14.5%	6 (4.1%)	\$279,297	26.8%	6 (5.5%)
Total	\$1,989,442	100.0%	145	\$1,040,744	100.0%	111

Table 14 indicates that 40% of the interest payments made by claimants in the WFIP were greater than \$30,000. From Table 15 it can be observed that over 70% of the interest payments made were by farms with farm cash receipts in excess of 100,000.

Table 14 Distribution of Interest Paid By Amount of Interest Paid			
Interest Paid Category	Interest Dollars Paid	Per Cent of Interest Paid	Cumulative Per Cent
Less than \$100	295	0.03%	0.03%
\$100 to \$499	3,897	0.37%	0.40%
\$500 to \$999	4,110	0.39%	0.80%
\$1,000 to \$1,999	10,026	0.96%	1.76%
\$2,000 to \$2,999	20,306	1.95%	3.71%
\$3,000 to \$3,999	25,621	2.46%	6.17%
\$4,000 to \$4,999	26,230	2.52%	8.69%
\$5,000 to \$5,999	21,782	2.09%	10.79%
\$6,000 to \$6,999	13,373	1.28%	12.07%
\$7,000 to \$7,999	52,137	5.01%	17.08%
\$8,000 to \$8,999	34,261	3.29%	20.37%
\$9,000 to \$9,999	9,587	0.92%	21.29%
\$10,000 to \$12,499	45,783	4.40%	25.69%
\$12,500 to \$14,999	97,322	9.35%	35.05%
\$15,000 to \$17,499	48,810	4.69%	39.74%
\$17,500 to \$19,999	36,231	3.48%	43.22%
\$20,000 to \$24,999	84,485	8.12%	51.33%
\$25,000 to \$29,999	83,678	8.04%	59.37%
\$30,000 to \$39,999	131,318	12.62%	71.99%
\$40,000 to \$49,999	86,298	8.29%	80.28%
\$50,000 and over	205,194	19.72%	100.00%

Table 15 Distribution of Interest and Debt By Revenue Class Based on WFIP Data		
Revenue Class	WFIP Distribution of Interest Paid	Taxfiler Data Distribution of Debt
Revenue Class 1 Less than \$10,000	5.6%	na
Revenue Class 2 \$10,000 to \$24,999	5.6%	3.4%
Revenue Class 3 \$25,000 to \$49,999	7.4%	28.28%
Revenue Class 4 \$50,000 to \$99,999	13.8%	26.53%
Revenue Class 5 \$100,000 to \$249,999	22.9%	28.66%
Revenue Class 6 \$250,000 to \$499,999	21.5%	na
Revenue Class 7 \$500,000 and greater	26.8%	na